Strategic Action Plan 2009-2012

Northwest Territories Finance

Minister's Message

A strong, effective government, operating with sufficient financial resources and providing decision makers with access to timely and appropriate information, are among the key objectives of the Department of Finance. That was the vision of the Government of the Northwest Territories (GNWT) when the new department was established on April 1, 2009, combining the former Department of Finance with the Financial Management Board Secretariat.

This Strategic Action Plan is the first for the new department, and is a milestone in that it represents the first such plan for a central agency department. This Plan provides multi-year direction for the department. Progress against it will be monitored, and will feed into and inform the annual business planning process.

The new department's role is multi-faceted. As a central agency it provides advice and support to other GNWT departments and the Financial Management Board. It plays a leadership role in ensuring the government has the resources to deliver the programs, services and infrastructure to residents of the Northwest Territories. It is responsible for ensuring that the government's financial results are reported to the public, so that decision makers can be held accountable. It provides services to the public through regulation of the NWT insurance industry, managing and regulating liquor distribution and sales in the NWT and administering electricity rate subsidies.

Through *Northerners Working Together*, the 16th Legislative Assembly has set out its goals and priorities. Achieving these goals will require resources, both human and financial. It is critical that the GNWT make the right decisions, not only about allocating and managing the resources we have, but also about how to increase the resources available to us, if we are to maximize our progress toward these goals. The Department of Finance will play a key role in helping us make those choices.

As a territory, we have experienced strong economic growth fuelled by resource development, but now face considerable uncertainty created by global economic conditions. We will continue to move forward, but must be aware of the risks and the potential rewards of the choices we make. Maintaining a sound fiscal position not only means careful management of our existing resources, but also finding new and creative solutions to our economic and fiscal challenges.

This means looking at how we raise revenues. In 2008, the department began consultations with NWT residents on how we can increase our revenues, through taxation and through economic and population growth. Over the next few years, further consultation and research will be conducted to find ways to raise revenues that will effectively meet our fiscal needs as well as our broader goals and priorities – social, economic and environmental. It also means looking at devolving the revenues from non-renewable resource development currently flowing to Canada as well as ways to save and invest those revenues for the long-term benefit of NWT residents, such as the establishment of a Heritage Fund.

We need to ensure that we maximize the economic benefit of the government's decisions, fiscal and otherwise. In 2007, the department drafted a Macroeconomic Policy Framework, which was adopted by the GNWT that year. The Framework describes the ways that the government's spending, investment, taxation and regulatory policies can stimulate or dampen the overall economy and specific industries and issues. Further work will be undertaken to fully incorporate the Framework into the government's decision making process.

We also need to look at how we can maximize the return to the residents of the NWT by making investments today that will benefit us and our children in the future. This could include government borrowing to make investments, especially in badly needed infrastructure. The GNWT's Fiscal Responsibility Policy, developed by the department and adopted by the government in 2005, lays out criteria for the use of debt. The department will develop a Borrowing Plan to detail the options and preferred choices for funding short and long-term debt at minimum cost.

We need to ensure that, as a government, we are managing our resources in the most effective, efficient and economical way. The Department of Finance will work actively to strengthen the government's management capacity by implementing the Financial Management Renewal Strategy developed in 2007. This fall, the department successfully implemented a major component of that Plan, replacing the government's 25-year-old Financial Information System with the System for Accountability and Management (SAM). Over the next few years, the department will be looking for opportunities to fully use SAM's potential to support our government's information, analytical, reporting and business requirements. Other key components of this work include developing proposals to overhaul the *Financial Administration Act* and the creation of a Financial Shared Services Centre.

Renewal of the government's Knowledge Management Strategy is another key priority for the department. Information technology has the ability to both support the administration of government and to both enable and enhance the delivery of programs and services directly to the public. Both uses benefit NWT residents in the form of more efficient service delivery and easier access to services. The new KMS will clearly demonstrate how this will be achieved through the effective and efficient use of IT.

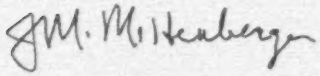
Other actions planned by the Department will focus on improving the operations of government – updating tax legislation, implementing a comprehensive government policy on public-private partnerships, strengthening risk-based management practices and improving the way the government stores and classifies electronic records.

The public increasingly expects government to be transparent and accountable with respect to the use of public resources and the results achieved with those resources. As the department responsible for the government's financial reporting, Finance is committed to the timely and complete release of financial information through the Public Accounts. Furthermore, in addition to providing information through budget documents and financial reports, the department is working with the Department of Executive on a public web site that will provide an overview of the actions being taken by the government to achieve the goals of the Legislative Assembly, including the status of their implementation and results achieved so far.

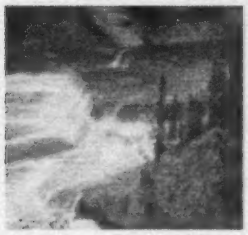
Finally, the department will focus on actions designed to strengthen the way government services are provided to the NWT public. Under the GNWT's Refocusing Government strategic initiative, work is being undertaken to address concerns about the sustainability of non-government organizations. An updated funding policy for NGOs, along with new funding criteria, is a priority for the department.

The department is responsible for managing and regulating liquor distribution and sales in the NWT through the NWT Liquor Commission and the Liquor Licensing and Enforcement Office. The former operates, through agency agreements, liquor stores and warehouses in the NWT. The latter provides support to the NWT Liquor Licensing Board, provides for inspection of licensed premises and assists communities who wish to pursue options for liquor restriction or prohibition. Actions will focus on ensuring that appropriate business models for liquor sales and distribution are in place, and that compliance with the *Liquor Act* is encouraged through education and training.

Public awareness, involvement, participation and feedback are critical factors in ensuring that the Department continues to operate in a transparent, accountable fashion. I encourage all residents of the NWT to read this document and to work with the staff of the department to develop and articulate the financial and strategic priorities of this government.



J. Michael Miltenberger
Minister of Finance



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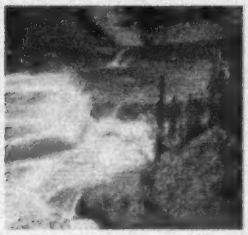


Our Operational Focus

Mandate

The Minister and the Department of Finance have the mandate to obtain, manage and control the financial resources required to implement the Government of the Northwest Territories' policies and programs. This mandate includes negotiating major financial arrangements with the federal government, providing analysis and advice to the Financial Management Board and ensuring financial and information resources are managed effectively, efficiently and economically. The Minister and the department are also mandated with regulating the insurance industry and controlling the sale of alcohol products in the Northwest Territories.

Vision

The Department of Finance will obtain and secure the financial resources necessary to establish and maintain a viable Northwest Territories. It will ensure that the human, financial and information resources of the Government of the Northwest Territories are acquired and utilized efficiently, effectively and economically. The department will operate with integrity and prudence to achieve, communicate and report on the government's goals and results. It will champion the efforts for the Government of the Northwest Territories to become a risk-smart organization that focuses at every level on the effective management of resources for the achievement of results in a manner consistent with clearly defined and commonly accepted values and ethics.

Mission Statement

The mission of the Department of Finance is to foster an environment for stable, effective and efficient government by:

1. Acquiring and managing the necessary financial resources to ensure delivery of programs and services to residents in an affordable, sustainable and accountable manner.
2. Maintaining a fair and stable taxation regime that meets the needs of individuals and businesses, supports a strong economy and is responsive to economic, social and environmental matters.
3. Managing the information resources of the government.
4. Reporting to the public on the financial plans and performance of the government.
5. Manage liquor distribution and sales and enforce liquor legislation and regulations.
6. Providing a modern management environment that facilitates the effective stewardship of resources, provides accurate, timely and relevant information for decision makers, ensures effective comptrollership, integrates performance and financial results information, appropriately manages risk and supports quality service delivery.

Goals

1. A strong sustainable financial position for the Government of the Northwest Territories.
2. The fiscal regime of the Northwest Territories supports a stable political environment and a strong economy that is able to address key social, economic and environmental initiatives.
3. The Government of the Northwest Territories has the fiscal and financial information and analysis necessary to support policy development and decision making.
4. The Government of the Northwest Territories' assets and liabilities are managed effectively.
5. The Government of the Northwest Territories is organized for maximum efficiency.
6. The Department of Finance is responsive to client needs.
7. Public confidence in the prudence and integrity of the Government of the Northwest Territories is maintained through a financially open and accountable government.

Principles

1. A strong focus on ethical behaviour.
2. The adoption of formal risk-based management practices.
3. Improved accountability and stewardship of resources.
4. A focus on the results being achieved for the dollars spent.

Values

The Department of Finance operates with the following core values:

Integrity:	We will be fair and honest in our work, respect the confidentiality of privileged information and maintain a high standard of personal and ethical conduct.
Innovation:	We will use creative, new ideas and imaginative solutions in our work, and we will continually improve business practices to ensure excellent public service.
Sensitivity and Tact:	We will be respectful, understanding and responsive when dealing with others.
Professionalism:	We will work to the highest professional standard and level of excellence. Our work will be timely and accurate and will incorporate sound judgement.
Accountability:	We are responsible for our actions and for our contributions to the public service.

Introduction

The first decade of the 21st Century was also the first decade of the post-division Northwest Territories. Most of this decade has seen a remarkable growth in the territorial economy, which almost doubled between 1999 and 2007. Much of this growth was driven by strong demand for the territory's resources, in particular oil, natural gas and diamonds.

However, as this decade draws to a close the Northwest Territories is experiencing challenges brought on by the global economic downturn. Resource development in the NWT has slowed. Commodity prices remain relatively weak and there is increased uncertainty about investment in new economic initiatives.

Although it has declined over the past year, the employment rate remains higher than in 1999. However, recent economic growth has not been matched by population growth and, in fact, the last few years have seen a decline in the population of the Northwest Territories. In spite of the current slowdown, the economic outlook for the NWT over the next three years remains relatively strong. In the longer term, several mines are proceeding towards opening in the next few years and a decision should be made by 2012 on proceeding with the Mackenzie Valley pipeline.

This uncertain economic environment translates into new challenges for the GNWT. Taxation revenues will likely continue to fluctuate, with demand for services growing at rates that are not sustainable given current rates of revenue growth. Population declines have consequences both for future economic activity and for the levels of tax revenues and federal transfers to the GNWT. When dealing with economic challenges governments need to think strategically in order to maximize the social and financial impacts of their expenditures in an efficient and effective manner, and to provide a stabilizing force in the economy.

The Government of the NWT entered the economic downturn in a relatively strong fiscal position, able to provide social support and economic stimulus to the economy. Government must continue to provide the programs and services needed by northerners to maintain and improve quality of life and allow NWT residents to take advantage of opportunities as they arise. In addition, government departments must have a plan to deal with changing circumstances and to take advantage of new developments – in policy approaches, in governance or in technology.

A clear vision and unified approach are required to meet these challenges. Specific plans and actions are needed to deal with the opportunities and challenges facing the NWT in the coming years.

This Action Plan identifies the strategic priorities of the department and the actions planned in support of the vision of the 16th Legislative Assembly.

Northerners Working Together

In 2007, the Members of the 16th Legislative Assembly released the document *"Northerners Working Together"*, which contained their vision, goals and priorities for the next four years. The document set broad direction for the government's operations through clearly defined priorities and specific action items.

The Legislative Assembly laid out a vision of "Strong individuals, families and communities sharing the benefits and responsibilities of a unified, environmentally sustainable and prosperous Northwest Territories", and envisioned six broad goals for this government:

- A strong and independent north built on partnerships;
- An environment that will sustain present and future generations;
- Healthy, educated people;
- A diversified economy that provides all communities and regions with opportunities and choices;
- Sustainable, vibrant, safe communities; and
- Effective and efficient government.

Through its mandate of ensuring that the Government of the Northwest Territories has the financial resources necessary to deliver programs and services to residents of the NWT, the Department of Finance has a role to play in the achievement of each of these goals. The department plays a principal role in achieving the government's fiscal goal of putting itself on a sound, long-term fiscal footing – one that will allow it to achieve its goals largely within its own fiscal resources.

The government has identified five key strategic initiatives to meet the goals identified in the Assembly's plan:

- Building Our Future – taking actions that focus on children and youth, on promoting healthy choices and on supporting families and seniors;
- Reducing the Cost of Living – taking actions to address the high costs that stand in the way of achieving a better quality of life and affect our ability to grow and diversify the NWT economy;
- Managing this Land – taking action toward finding the right balance between development and protection of the NWT's land and resources and making these decision in the NWT;
- Maximizing Opportunities – opening the door to new developments that contribute to the NWT and improving the quality of education and training so that northerners can take advantage of jobs created in the NWT; and
- Refocusing Government – achieving greater effectiveness and efficiency in how the government operates and in how programs and services are delivered to the people of the NWT.

Each of the strategic initiatives contains specific actions that the government plans to undertake in the next four years. Under the GNWT's strategic initiative "Refocusing Government", the department identified two action items that fall within the department's core areas of responsibility:

- Strengthen Service Delivery; and
- Managing the Cost of Government.

The department's actions will also support the government's broader fiscal strategy, focusing on revenue growth, expenditure management and stewardship of the government's financial resources.

The department is currently engaged in a number of initiatives and programs that contribute to the achievement of its specific mandate and to the realization of the government's identified priority items and fiscal goals. Real progress in achieving these priorities and objectives will be maximized if the department operates in a deliberate way, with plainly stated goals and priorities and with clearly defined strategic direction.

The following Action Plan outlines a broad range of departmental initiatives and activities, and identifies priority action items based on meeting the goals of the 16th Legislative Assembly and supporting the government's fiscal priorities and strategic initiatives.

Action Plan

This Action Plan is intended to clarify how the department will fulfill its mandate and key responsibilities, and when the Legislative Assembly and the public can expect to see results.

The strategic initiatives included in this document flow from two Department of Finance strategic priorities identified as being critical to the long-term success of the GNWT. These strategic priorities are fiscal sustainability and modern management.

Flowing from these priorities are the strategic initiatives and action items that lay out the steps necessary to achieve the desired result, and the timelines required to complete each individual task.

The department will monitor achievements made towards accomplishing these goals and will publish an annual update to chart its progress.

By working closely with our delivery partners, and involving them in our projects whenever possible, the department intends to make a strong, effective contribution to the achievement of the goals of the 16th Legislative Assembly.

Strategic Priorities

Fiscal Sustainability

The GNWT has historically been, and remains, highly dependent on Canada for the majority of its revenues. The NWT's vast size, small and dispersed population and challenging climate make the cost of delivering services and building infrastructure many times the value of its tax base. Although the economy has grown substantially in the last decade, historically, linkages between the resource sector and the rest of the economy have not been strong. Together with lack of jurisdiction over non-renewable resources, the government has limited capacity to invest in initiatives that will generate the long-term economic, social and environmental returns that will, over time, increase the territory's self-reliance.

The Department of Finance will need to be in the forefront to develop and implement fiscal strategies that will enable the GNWT to achieve its goals.

On the revenue side, this will mean continuing to present tax policy options that strike the appropriate balance between revenue needs, economic growth and environmental sustainability, and that provide incentives for individuals to live and work in the NWT. It will mean working with other departments, governments and Aboriginal and private sector partners to develop and implement strategies that will create a future economy

for the NWT that is balanced, diversified and sustainable. This will include finding opportunities to create economies of scale and lower costs through an expanded population base. It will also mean continuing to pursue devolution and resource revenue sharing and to prepare for the eventual transfer of these responsibilities and revenues to the NWT.

Recognizing that fiscal independence is a long-term goal, the department will need to continue to work with Canada to ensure that fiscal transfers are adequate and appropriate. While the GNWT cannot incur debt to a level where debt servicing costs are unaffordable or reduce program and service budgets, some debt, specifically that which supports infrastructure, may be required to sustain economic growth.

Given that expenditure demands are expected to continue to outpace revenue growth, the department will need to continue to play a leadership role in assisting decision makers to establish affordable frameworks for spending, borrowing and investment that reflect government priorities, and in assisting departments to manage their expenditure and resource requirements.

Modern Management

Public governments are facing increasing pressures to adapt their comptrollership and management practices as a result of changes that are occurring within the business environments they administer. The GNWT management environment has been significantly impacted by changes in:

- Technology: resulting in the use and reliance upon electronic information systems in support of corporate administration functions (Human Resources, Financial Management, Procurement, etc.);
- Knowledge and Risk-based Management: resulting in the need for increased information and knowledge by decision makers to effectively manage government programs and services;
- Public Expectations: resulting in increasing expectations with respect to transparency, accountability and program effectiveness; and
- Business Relationships: as seen in the increasing complexity of the business relationships that we have with other jurisdictions, Aboriginal governments, public private partnerships, or through development initiatives such as the secondary diamond industry.

In response to the changing business environment, the GNWT has embarked on an administrative renewal initiative in support of modern management practices. Initiatives being advanced include:

1. The renewal of the Knowledge Management Strategy (KMS). Through the original KMS, the GNWT outlined its commitment to improve the delivery of programs and services through better information and knowledge management. It is recognized that the existing KMS is dated, and a renewal initiative is underway.
2. Adopting the modern management approach to financial management functions, which includes:
    a. Re-writing and modernizing the *Financial Administration Act*, with corresponding changes to financial policies, procedures and directives;
    b. Replacing the GNWT's 25-year-old financial information system with an enhanced tool that better supports the GNWT's information, analytical, reporting and business requirements; and
    c. Moving towards a financial shared services delivery model.
3. The future management and direction of the public service. The Department of Human Resources has recently released a corporate human resource strategic plan for the Northwest Territories public service that will guide the public service towards becoming the employer of choice in the NWT.

Building on the modern management framework, the Department of Finance, along with other GNWT departments, will need to continue to strengthen the existing capabilities of our public service, particularly in the area of management and financial administration, so that better decisions are made, better service is provided to clients and effective measures and reports on results are available to the public and stakeholders.

A supporting framework of legislation, policy, information systems and skilled government staff are critical components of a modern management environment. Advancing modern management will require continued improvements to systems, policies and controls that support the reporting of integrated performance information, risk-based management practices, appropriate accountabilities and an ethics and values foundation that enables managers and staff to choose the right course of action when faced with ethical dilemmas.

Enabling modern management practices within the GNWT is a long-term commitment that will require ongoing support and active departmental participation. The degree to which modern management principles become an integral part of the GNWT business culture will directly impact the ultimate success of the over arching management reforms.

Strategic Initiatives

The department has identified the following issues as strategic initiatives:

- Strengthening the Government's Long-term Fiscal Position;
- Strengthening Management Capacity;
- Improving Government Operations;
- Improving Public Performance Reporting; and
- Strengthening Service Delivery.

Strategic initiatives and action items supporting the strategic priorities are presented on the following pages.

Strategic Initiative 1:

Strengthen the GNWT's Long-term Fiscal Position

The government's ability to achieve a sustainable fiscal environment is enhanced by a stable foundation on which to maintain and enhance the delivery of public services. The department manages the GNWT fiscal framework in the context of current economic realities and long-term fiscal sustainability. Fiscal responsibility applied today ensures that the cost and level of current public services will not be passed onto future generations. A framework for responsible spending, borrowing and debt repayment is outlined in the GNWT's Fiscal Responsibility Policy. Obtaining financial resources, controlling expenditure growth, borrowing and investing for the future are key components of our fiscal environment.

Sound Economic and Fiscal Policy

The long-term fiscal position will be strengthened by:

- Reviewing existing economic and fiscal policy and developing direction, principles, priorities and tools to effectively and efficiently address investment, economic and fiscal issues;
- Reviewing the principles and elements of the fiscal framework;
- Developing demographic, fiscal and economic projections that underlie the budget;
- Working with other departments to provide sound economic and fiscal policy advice; and
- Providing policy advice on the fiscal and economic implications of demographic change on government programs.

Strong and Sustainable Government Finances

Sound fiscal planning and prudent economic and revenue forecasting are required to meet today's priorities and sustain government programs and services over the longer term. The fiscal framework supports sound fiscal planning.

The department monitors global economic trends, provides economic and fiscal forecasts, develops fiscal policy options, and coordinates and prepares the annual budget and budget updates on the Government of the Northwest Territories' financial position.

Sound Tax and Economic Policy

The tax system must be fair and promote self-reliance. The system must also be competitive with those in other jurisdictions in order to attract investment and skilled workers. The Department of Finance assists other departments to assess the economic and fiscal implications of alternative policy options and the alignment of these policies with overall government economic and fiscal policy.

Strategies

1.1 Review the Government's fiscal framework to respond to current economic realities and to strengthen the GNWT's long-term fiscal position.
1.2 Investigate improvements in corporate income tax forecasting.
1.3 Strengthen the budget process through pre-budget consultation processes with stakeholders, analyzing spending in comparison to other jurisdictions and providing timely economic information.
1.4 Review the NWT's tax competitiveness with other jurisdictions and recommend options to improve the competitiveness, economic efficiency, fairness and revenue stability of the NWT's tax system.
1.5 Work with other departments to provide economic and fiscal policy advice for key sectoral strategies.

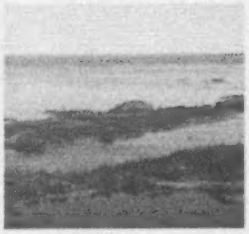
Actions

1.1 Revenue Options

In the Budget 2008, the GNWT committed to taking a number of measures necessary to restore fiscal sustainability, including the generation of new revenues. However, the way government raises revenues has implications beyond the direct fiscal impacts. There are implications for the economy, for population growth, for social policy and for the environment, to name a few. Revenue options also go beyond taxation. Measures that will increase population growth by lowering the cost of living, or that strengthen the NWT economy, will increase the government's revenue capacity. In September 2008, the Department of Finance released a document for public discussion and feedback, Revenue Options, which focused on raising new revenues and presented the options available to the GNWT to fund new and existing programs, services and infrastructure. A two-day roundtable discussion was organized with invited representatives from a wide spectrum of NWT business, labour and social organizations. Feedback from the consultation was incorporated into new revenue initiatives announced by the Minister of Finance in the February 2009 Budget. The work done in 2008 demonstrated the need to take a closer look at how revenues are raised in the NWT, to see if there are changes that might further our economic, social and environmental objectives. The Minister of Finance committed to holding a second round of revenue consultations in the fall of 2009.

1.2 Resource Revenue Sharing

The department provides support in developing and advancing the GNWT's position in negotiations related to the devolution of programs and services associated with federal land administration in the NWT, particularly the financial negotiations associated with resource revenue sharing. The NWT is seeking a net fiscal benefit from the transfer of resource revenues under a proposed Devolution and Resource Revenue Sharing Agreement with Canada.



1.3 Heritage Fund

The NWT has considerable non-renewable resource wealth and the prospects for development of these resources over the medium to long term are substantial. The net fiscal benefit generated for the GNWT from the development of non-renewable resources under the terms of a Devolution and Resource Revenue Sharing Agreement is different from most other sources of government revenue as it represents the transformation of non-renewable assets into financial form. Use of this revenue to fund annual operating expenses would leave the NWT without long-term assets once the resources have been depleted. The creation of a Heritage Fund to set aside income to fund long-term investments in infrastructure or financial assets would allow NWT residents to receive long-term benefits from the development of the territories resources. Options for a Heritage Fund are currently being developed.

1.4 Borrowing Plan

The GNWT's fiscal strategy anticipates that some borrowing may be necessary to finance a portion of the government's infrastructure investments. The GNWT's borrowing limits are governed not only by the *Northwest Territories Act* (Canada) and the *Borrowing Authorization Act* (NWT) but also by the government's Fiscal Responsibility Policy - 2005. The Policy guides the GNWT's fiscal policies and use of debt, and includes guidelines respecting the types of activities for which debt can be issued as well as limits on total debt and debt servicing costs to ensure affordability. A Borrowing Plan is required to detail options and preferred choices for funding the short-term and long-term borrowing requirements of the government at minimum cost.

1.5 Macroeconomic Policy Framework

The GNWT adopted the Macroeconomic Policy Framework in 2007 to maximize the economic benefit of the government's decisions, fiscal and otherwise. The Framework includes criteria to evaluate investment and policy choices. These criteria focus on the impact of a decision on the NWT economy and the NWT's regions and communities, the depth and duration of its contribution to economic and employment diversification and sustainability, and its fiscal impact. The Framework describes the ways that the government's spending, investment, taxation and regulatory policies can stimulate or dampen the overall economy and specific industries and issues. Further work is required to fully incorporate the Framework into the Government's decision making process.

Strategic Initiative 2:

Strengthen Management Capacity

The government needs to strengthen the existing capabilities of its public service so that better decisions are made, high quality service is provided to clients, and effective measures and reports on results are available to decision makers, the public and stakeholders. This will require continued improvements to existing systems, policies and controls that will support the reporting of integrated performance information, risk-based management practices and appropriate accountabilities, and provide an ethics foundation that enables managers and staff to choose the correct course of action when faced with ethical conflicts.

Strategic Leadership

Includes the awareness and commitment to modern management responsibilities at various levels of management across the organization.

Clear Accountability

Includes clarity of responsibilities within the organization, performance agreements and evaluation, specialists' support, and external reporting.

Shared Values and Ethics

Includes values and ethics frameworks.

Mature Risk-based Management

Includes the extent to which effective processes and systems for identifying risks, developing and revising plans and allocating resources are in place.

Integrated Performance Information

Includes integrated departmental performance reporting, operating information, measuring client satisfaction, service standards, evaluative information, financial information and cost management information.

Motivated People

Includes modern management practices competencies, employee satisfaction, enabling work environment, sustainable workforce and valuing peoples' contributions.

Rigorous Stewardship

Includes business process improvement, management tools and techniques, knowledge management, accounting practices, management of assets, internal audit and external audit.

Strategies

2.1 Develop tools to facilitate the implementation of modern management across the GNWT.

2.2 Develop strategies and priorities to address the government's modern management gaps and weaknesses.

Actions

2.1 Modern Management Action Plan

Like many other public governments, the Government of the Northwest Territories has embarked on a longer term, broad-based initiative that seeks to modernize government management in order to better respond to changing expectations and priorities. Activities to date have been guided by the *Financial Administrative Renewal Strategy* – 2007. However, priorities and strategies to address gaps and weaknesses identified in the assessment of the GNWT's modern management capacity, completed in 2006, have yet to be developed. A plan of action to advance modern management practices across government in an integrated and coordinated fashion will be developed that will address a stronger focus on ethical behaviour, the adoption of formal risk-based management practices, improved accountability and stewardship of resources, and a focus on the results being achieved for the dollars spent.

2.2 *Financial Administration Act*

Changes to the GNWT operating environment have resulted in an outdated *Financial Administration Act* (FAA) that no longer effectively meets the needs of the GNWT. Enhancements to the FAA to adopt the modern management approach to financial management functions will also require corresponding changes to financial policies, procedures and directives to meet the needs of stakeholders and GNWT operations. This is consistent with other jurisdictions in Canada who have undertaken legislative enhancements, particularly in the areas of accountability and transparency.

2.3 System for Accountability and Management (SAM)

A new financial information system for the GNWT has recently been implemented that will assist the modern management approach by providing an improved tool that better supports the GNWT's information, analytical, reporting and business requirements. The modules currently included in SAM are General Ledger, Accounts Receivable, Bank Reconciliations, Billing and Accounts Payable, Asset Management, Expense Management, and Treasury and Project Costing. The full implementation of the modules and new business processes will require ongoing monitoring and actions, including expansion opportunities.

2.4 Financial Shared Services Centre

As productivity, transparency and accountability become the focus in public sector environments, governments are turning to business models that can help to increase cost-efficiency and transform their administrative processes. Shared services present a viable and timely solution. In an effort to provide better support to management, enhance overall services, increase operational flexibility and lower overhead costs, the government has established shared services delivery models for its information technology and human resource functions. Establishing a Financial Shared Services Centre will require the organizational redesign of transactional-based financial services that will provide for a new financial management foundation and improved comptrollership across the organization.

2.5 Knowledge Management Strategy

The Knowledge Management Strategy was developed in 2002 and is the GNWT's primary information and communications framework document for management of its information systems, information management and information technology activities. A renewal of the Strategy is required in order for the GNWT to focus its knowledge management goals, improve service delivery, effectively manage its electronic information resources and address the need for increased information and knowledge by decision makers, which is a foundation of modern management.

2.6 Strategic Security Plan

Security of information is a sound business practice that is expected by the public. The core principles of information security are the protection of the confidentiality of, integrity of and availability of electronic assets. The changing technological environment requires that the GNWT take a progressive stance on the adoption, deployment and use of existing and new information technologies that will protect the electronic information assets of the GNWT, meet user requirements while allowing for future enhancements, meet legislative requirements, meet contractual requirements, withstand scrutiny of both internal and external audits, and be cost effective. A Strategic Security Plan will be implemented based on these principles.

Strategic Initiative 3:

Improving Government Operations

Under the *Financial Administration Act*, the Minister of Finance is responsible for managing the financial assets and liabilities of the GNWT. This includes all borrowing and investing activities. In addition, the Department of Finance provides leadership and advice to other departments with respect to sound financial management, financial decision making and risk-based management.

Financial Management Framework

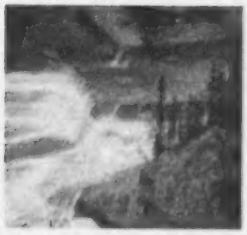
Government decisions are made as part of a comprehensive budget and business planning process in accordance with government-wide strategic priorities. As part of the government's overall budgeting process, the Department of Finance provides advice and recommendations on operating and capital spending to the Financial Management Board. In addition, the Department of Finance consults with other departments regarding all new programs and initiatives that have operating or capital spending implications.

Tax and Revenue Management

The Department of Finance is responsible for administering the GNWT's tax legislation. An efficient and effective tax administration contributes to an attractive business environment by promoting self-compliance and simplification of regulatory requirements. Monitoring compliance with the tax legislation also ensures fairness by reducing revenue losses related to non-compliance, tax avoidance schemes and the underground economy. In carrying out its responsibility to administer tax and revenue laws, the Department of Finance designs tax and revenue programs, collects revenue owing, makes payments, and provides information to stakeholders, taxpayers and claimants.

Investment, Treasury and Insurance Risk Management

The Department of Finance maximizes the total return to the government on its cash balances by consolidating those balances on a daily basis and investing the surplus funds. It also arranges for short and long-term financing for the government at the lowest possible cost. The department minimizes the cost of accidental loss or damage arising from property, liability and other risks through a combination of programs to identify, assess and control preventable losses.



Strategies

3.1 Provide strategic analysis and advice to the Financial Management Board and Cabinet to assist in fiscal, policy and program decisions.

3.2 Modernize and strengthen the government's business planning and budgeting process.

3.3 Identify operating and capital spending issues associated with existing programs and new initiatives in collaboration with other departments to determine the potential impact on the government's fiscal plan.

3.4 Proactively manage tax collections and taxpayer compliance.

3.5 Ensure government funds are optimally invested through the establishment and ongoing review of investment policies.

3.6 Provide effective leadership in insurance risk management by:

- Promoting comprehensive risk awareness throughout government;
- Participating in cross-government discussions on the impact of potential major risk events; and
- Providing sustainable funding for liability exposure and the loss of public assets.

Actions

3.1 Multi-year Appropriations for Infrastructure Expenditures

The GNWT has made a number of changes to its capital planning and budgeting processes that include the implementation of methodologies to better define the scope of projects, the provision of more realistic timeframes for the completion of projects, the improvement of cost estimates at the time of presentation of the projects in the capital plan and the implementation of a fall capital budget in order to facilitate better planning for the GNWT and contractors and generate more interest in the proposed capital projects from contractors, greater competition and potential improved pricing.

Additionally, research has been conducted into possible amendments to the current *Financial Administration Act* that would allow for multi-year appropriations for infrastructure expenditures. Currently, capital investments are approved through annual appropriations. In the case of multi-year capital projects, annual funding must be voted on even though a project may have started in a previous fiscal year. Funds that are not expended in a fiscal year due to delays must be re-appropriated for the next year. Conversely, if a project is ahead of schedule, additional appropriation authority may be required to advance project cash flows. Multi-year appropriations for infrastructure expenditures are being considered as a way to alleviate the need to revisit a project annually through the appropriation process. This change could provide greater flexibility, certainty and clarity in managing capital projects, resulting in improved planning for both the GNWT and contractors.

3.2 Public Private Partnerships

Public Private Partnerships (P3) are cooperative ventures between the public and private sector. They are an alternative procurement method available to governments that provides access to new infrastructure without immediately incurring the associated capital costs. These "lease to purchase" financial arrangements enable governments to reduce capital expenditures and focus on the quality of programs and services. The GNWT requires an up-to-date policy and implementation framework to guide future P3 arrangements to ensure that decisions made with respect to P3s are fully informed, justifiable and provide value for money when compared to traditional procurement methods. The policy and management framework will provide detailed guidelines for approval processes, implementation, managing and reporting on P3 agreements.

3.3 *Petroleum Products Tax Act*

The *Petroleum Products Tax Act* has existed substantially in its present form since the NWT legislation was last consolidated in 1988. The fuel tax environment in the NWT has been subject to substantial change, and the Act needs to be re-drafted to reflect the current environment for fuel distribution in the NWT. This will result in an improvement in the collection and administration of petroleum products taxes.

3.4 Insurance Risk Management

Sound insurance risk management practices are an essential activity for the GNWT to ensure coordinated and cost effective management of loss exposures associated with the government's operations. This involves initiatives in the areas of contract review, risk identification and awareness, loss control, alternative risk financing options and claims administration to improve the GNWT's risk profile.

3.5 Document Management

Governments require the ability to capture their knowledge in a way that provides more efficient and effective classification, storage, retrieval, archival and disposition of documents. An Electronic Records and Document Management System (ERDMS) is the first step to gaining better control of the GNWT's corporate knowledge and leveraging best practices for document storage, indexing, archiving and disposition. An ERDMS is an enabler towards overall better electronic records management by all departments. The system will improve and mitigate corporate risk by providing improved response times when searching and retrieving information, reduced duplication of information and a greater ability to share information.

Strategic Initiative 4:

Improving Public Performance Reporting

The GNWT has a mandate to provide sound financial management and public performance reporting as NWT residents expect the GNWT to govern with integrity and transparency through a financially open and accountable government. The GNWT leads this commitment to residents through publishing the vision, goals and priorities of the Legislative Assembly, the Budget Address, the Main and Capital Estimates, audited financial statements, and other supplementary financial information.

Strategies

4.1 Identify and implement technologies to enhance communication with NWT residents.
4.2 Lead the enhancement of financial management and reporting policies.
4.3 Evaluate implications of Public Sector Accounting Board proposals.

Actions

4.1 Budget Implementation Reporting

The department has long provided information about the budget plans of the government and the financial reports summarizing the government's revenues, spending and financial position. However, to improve reporting on specific budget measures and investments in strategic priorities, the Departments of Finance and Executive are working to design and install a public accountability web site. The web site will provide an overview of the activities and actions being undertaken by the government to achieve the vision, goals and priorities identified by the Legislative Assembly. Reporting on achievements and progress to the public will increase transparency and allow the public to better hold the government accountable for results.

4.2 Public Accounts

Timely and complete release of financial reporting is critical for effective use of the information and helps instill public confidence in the GNWT's ability to manage its resources. The *Financial Administration Act* requires that the Public Accounts be tabled in the Legislative Assembly by December 31 in the year in which the fiscal year ends. Notwithstanding this deadline, and to facilitate their timely release, the Public Accounts can be submitted direct to the Standing Committee should the Legislative Assembly not be in session. Progressively since 2001, the Public Accounts have been submitted in advance of the legislative timeframe, with a target set for their completion of August 31. However, this date will need to be revisited as the timeframes to complete audit work are being affected by changing accounting standards and increased audit standards of the GNWT's external auditor. This could result in the Public Accounts being completed within the legislative timeframe, but later than the August 31 date.

Strategic Initiative 5:

Strengthen Service Delivery

Strengthening service delivery is an action the GNWT is taking in response to the Refocusing Government strategic initiative. Although primarily a central agency of the GNWT, there are aspects of the Department of Finance's mandate that focus on delivery of services that has an impact on non-government organizations and the public.

Strategies

5.1 More efficient, effective and economical use of information technologies to support GNWT program being delivery.

5.2 Implement measures to address long-term funding arrangements with non-government organizations.

Actions

5.1 Knowledge Management Strategy

An objective of the update to the KMS is to provide direction in achieving more efficient, effective and economical use of information technologies that support the programs of the GNWT. A renewed strategy will identify key focus areas and implementation activities that should strengthen the GNWT's ability to provide new or improved service delivery options to northern communities.

The integration and implementation of systems and best-practice frameworks for things like eGovernment and Electronic Health Information services will increase the GNWT's capacity to deliver more efficient and effective solutions to the residents and businesses across the NWT, in particular to residents of small and remote communities.

Strategic implementation of technology offers improved access to electronic services for NWT residents and businesses. Providing the ability for NWT residents and businesses to become "better-connected" strengthens the NWT's competitive position to attract and retain businesses and residents, and to foster an environment that results in economic prosperity. The public benefits from improved access to government information and services and the government gains a new cost effective method of delivering information and services to the public.

Much of the technology management work required to support GNWT business goals helps build the foundation for the successful implementation of knowledge management. In turn, as the technology environment evolves and knowledge management is promoted within the GNWT, the improved flow of information and access to knowledge will assist the organization to achieve its business goals, ultimately benefiting the residents of the NWT.

5.2 Non-government Organizations

The GNWT is addressing concerns about the sustainability of non-government organizations (NGOs) by clarifying and strengthening its relationships with this sector. An updated funding policy for NGOs has been identified as a priority under the GNWT's Refocusing Government strategic initiative to strengthen the NGO sector. GNWT support to NGOs will be stabilized by clarifying and/or enhancing the Program Manager's Guide and by developing a plain language User Guide for NGOs. This activity will also include assisting with the development of new funding criteria for NGOs.

5.3 Liquor Commission

High quality management of liquor distribution and regulatory services are essential activities to ensure consistent, stable, efficient and responsible liquor services are provided in compliance with liquor legislation and regulation. A review of liquor store requirements is to be undertaken for those stores with contract expiry dates in the next three years to choose a best model (s) for service delivery.

5.4 Liquor Licensing and Enforcement

Voluntary compliance with licensees and permit holders is encouraged through education and training. This will be accomplished by promoting the proper use of alcohol and by informing licensees, permit holders and servers of their obligations under the NWT *Liquor Act*. The turnover in most high-risk premises is high and, therefore, training will be ongoing and repetitive in some licensed premises.

Appendix: Summary of Initiatives, Actions, Activities, Deliverables and Timelines

1. Strengthen the GNWT's Long-term Fiscal Position

Action	Activity	Deliverable	Timeline
1. Revenue Options	1.1 Revenue Roundtable	1.1 Options Paper 1.2 Report on the Roundtable	1.1 October each year 1.2 December each year
2. Resource Revenue Sharing	2.1 Advice on Net Fiscal Benefit	2.1 AIP with provision for fair NFB	2.1 Dependent on the pace of negotiations; current target date is during the 2010-2011 fiscal year
3. Heritage Fund	3. Develop options for a NWT Heritage Fund	3.1 Options Paper 3.2 Heritage Fund Legislation	3.1 March 2010 3.2 Prior to Devolution implementation
4. Borrowing Plan	4.1 Develop options for a Borrowing Plan	4.1 Options Paper 4.2 Borrowing Plan	4.1 June 2010 4.2 March 2010
5. Macroeconomic Policy Framework	5.1 Develop Macroeconomic Evaluation Criteria and Policy options	5.1 Options Paper 5.2 Macroeconomic Policy Framework	5.1 June 2010 5.2 December 2010

2. Strengthen Management Capacity

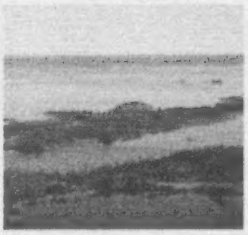
Action	Activity	Deliverable	Timeline
1. Modern Management Action Plan	1.1 Prioritize activities to advance modern management practices	1.1 Action Plan 1.2 Implementation Plan	1.1 June 2010 1.2 December 2011
2. *Financial Administration Act*	2.1 Update and rewrite the *Financial Administration Act*, Regulations and the financial policies, directives and operational guidelines	2.1 Legislative Proposal 2.2 New FAA Legislation 2.3 New FAA Regulations, policies, directives and guidelines	2.1 December 2009 2.2 October 2010 2.3 October 2010
3. System for Accountability and Management (SAM)	3.1 Add Strategic Sourcing and Supplier Contract Management capacity to SAM	3.1 New Strategic Sourcing Module and Supplier Contract Management Module	3.1 March 2012
4. Financial Shared Services Centre	4.1 Identify Service Model options; select appropriate model 4.2 Develop Staff/ Training Plan 4.3 Develop Service Level Agreements with departments	4.1 Staffing and Training Plan 4.2 New Service Level Agreements 4.3 New Financial Shared Service Centre	4.1 March 2011 4.2 March 2011 4.3 April 2011
5. Knowledge Management Strategy	5.1 Update Knowledge Management Strategy 5.2 Develop Action Plan for new Knowledge Management Strategy 5.3 Research options for new Project Management Office to assist with delivery of complex IT projects	5.1 Knowledge Management Strategy 5.2 KMS Action Plan 5.3 New IT Project Management Office	5.1 March 2010 5.2 March 2010 5.3 March 2012
6. Strategic Security Plan	6.1 Develop Strategic Security Plan 6.2 Develop Action Plan 6.3 Assess and review GNWT's IT environment 6.4 Develop Disaster Recovery and Business Continuity Framework for IS and IT-related operations	6.1 Strategic Security Plan 6.2 SSP Action Plan 6.3 Operational review and assessment of security issues 6.4 Disaster Recovery and Business Continuity Framework	6.1 March 2010 6.2 March 2010 6.3 March 2010 6.4 March 2012

3. Improving Government Operations

Action	Activity	Deliverable	Timeline
1. Multi-year Appropriations for Infrastructure Expenditures	1.1 Develop legislative proposal to revise FAA for multi-year appropriations	1.1 Proposal submitted 1.2 FAA amendments	1.1 June 2009 1.2 June 2011
2. Public Private Partnerships (P3)	2.1 Develop P3 Policy and Management Framework	2.1 P3 Policy and Management Framework 2.2 Implementation Plan	2.1 March 2010 2.2 March 2010
3. Petroleum Products Tax Act	3.1 Develop legislative proposal to revise PPTA	3.1 Legislative Proposal 3.2 New PPTA	3.1 March 2011 3.2 March 2012
4. Insurance Risk Management	4.1 Accurate replacement cost for GNWT assets 4.2 Identify alternative risk financing options	4.1 RFP and consultants report 4.2 RFP and actuarial report	4.1 March 2010 4.2 March 2012
5. Document Management	5.1 Electronic Records and Document Management System (ERDMS) for the GNWT	5.2 Assessment reports, RFP and purchase contract 5.3 Implement new ERDMS	5.1 March 2010 5.2 March 2012

4. Improving Public Performance Reporting

Action	Activity	Deliverable	Timeline
1. Budget Implementation Reporting	1.1 Develop public accountability web site	1.1 New web site	1.1 October 2010
2. Public Accounts	2.1 Identify environmental liabilities through a planned program of environmental assessments of affected GNWT properties	2.1 Disclosure of identified environmental liabilities in the GNWT Public Accounts	2.1 March 2010 and annually as additional liabilities are identified and properties remediated



5. Strengthen Service Delivery

Action	Activity	Deliverable	Timeline
1. Knowledge Management Strategy	1.1 Develop new Knowledge Management Strategy and Action Plan	1.1 New Knowledge Management Strategy 1.2 Implement KMS Action Plan	1.1 March 2010
2. Non-government Organizations	2.1 Develop a program funding guide for GNWT Program Managers 2.2 Develop a resource guide for GNWT funding policies for NGOs	2.1 Program Managers' Funding Guide 2.2 Funding Resource Guide for NGOs	2.1 March 2010 2.2 June 2010
3. Liquor Commission	3.1 Review and assess liquor vendor service delivery model	3.1 Preferred liquor vendor delivery model	3.1 In place in time to replace existing liquor store service contracts
4. Liquor Licensing and Enforcement	4.1 Staff training for license holders with high risk premises 4.2 Training permit holders for large events	4.1 Training courses for licensed premises 4.2 Training courses for permit holders	4.1 March 2010 4.2 Ongoing